

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The State Employees Group Insurance Act of 1971
5 is amended by changing Section 6.11 as follows:

6 (5 ILCS 375/6.11)

7 Sec. 6.11. Required health benefits; Illinois Insurance
8 Code requirements. The program of health benefits shall provide
9 the post-mastectomy care benefits required to be covered by a
10 policy of accident and health insurance under Section 356t of
11 the Illinois Insurance Code. The program of health benefits
12 shall provide the coverage required under Sections 356g.5,
13 356u, 356w, 356x, 356z.2, 356z.4, 356z.6, ~~and~~ 356z.9, 356z.10,
14 and 356z.11 ~~and 356z.9~~ of the Illinois Insurance Code. The
15 program of health benefits must comply with Section 155.37 of
16 the Illinois Insurance Code.

17 (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;
18 95-520, eff. 8-28-07; revised 12-4-07.)

19 Section 10. The Counties Code is amended by changing
20 Section 5-1069.3 as follows:

21 (55 ILCS 5/5-1069.3)

1 Sec. 5-1069.3. Required health benefits. If a county,
2 including a home rule county, is a self-insurer for purposes of
3 providing health insurance coverage for its employees, the
4 coverage shall include coverage for the post-mastectomy care
5 benefits required to be covered by a policy of accident and
6 health insurance under Section 356t and the coverage required
7 under Sections 356g.5, 356u, 356w, 356x, 356z.6, ~~and~~ 356z.9,
8 356z.10, and 356z.11 ~~and 356z.9~~ of the Illinois Insurance Code.
9 The requirement that health benefits be covered as provided in
10 this Section is an exclusive power and function of the State
11 and is a denial and limitation under Article VII, Section 6,
12 subsection (h) of the Illinois Constitution. A home rule county
13 to which this Section applies must comply with every provision
14 of this Section.

15 (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;
16 95-520, eff. 8-28-07; revised 12-4-07.)

17 Section 15. The Illinois Municipal Code is amended by
18 changing Section 10-4-2.3 as follows:

19 (65 ILCS 5/10-4-2.3)

20 Sec. 10-4-2.3. Required health benefits. If a
21 municipality, including a home rule municipality, is a
22 self-insurer for purposes of providing health insurance
23 coverage for its employees, the coverage shall include coverage
24 for the post-mastectomy care benefits required to be covered by

1 a policy of accident and health insurance under Section 356t
2 and the coverage required under Sections 356g.5, 356u, 356w,
3 356x, 356z.6, ~~and 356z.9~~, 356z.10, and 356z.11 ~~and 356z.9~~ of
4 the Illinois Insurance Code. The requirement that health
5 benefits be covered as provided in this is an exclusive power
6 and function of the State and is a denial and limitation under
7 Article VII, Section 6, subsection (h) of the Illinois
8 Constitution. A home rule municipality to which this Section
9 applies must comply with every provision of this Section.

10 (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;
11 95-520, eff. 8-28-07; revised 12-4-07.)

12 Section 20. The School Code is amended by changing Section
13 10-22.3f as follows:

14 (105 ILCS 5/10-22.3f)

15 Sec. 10-22.3f. Required health benefits. Insurance
16 protection and benefits for employees shall provide the
17 post-mastectomy care benefits required to be covered by a
18 policy of accident and health insurance under Section 356t and
19 the coverage required under Sections 356g.5, 356u, 356w, 356x,
20 356z.6, ~~and 356z.9~~, and 356z.11 of the Illinois Insurance Code.

21 (Source: P.A. 95-189, eff. 8-16-07; 95-422, eff. 8-24-07;
22 revised 12-4-07.)

23 Section 25. The Illinois Insurance Code is amended by

1 adding Section 356z.11 as follows:

2 (215 ILCS 5/356z.11 new)

3 Sec. 356z.11. Dependent students; medical leave of
4 absence. A group or individual policy of accident and health
5 insurance or managed care plan amended, delivered, issued, or
6 renewed after the effective date of this amendatory Act of the
7 95th General Assembly must continue to provide coverage for a
8 dependent college student who takes a medical leave of absence
9 or reduces his or her course load to part-time status because
10 of a catastrophic illness or injury.

11 Continuation of coverage under this Section is subject to
12 all of the policy's terms and conditions applicable to those
13 forms of insurance. Continuation of insurance under the policy
14 shall terminate 12 months after notice of the illness or injury
15 or until the coverage would have otherwise lapsed pursuant to
16 the terms and conditions of the policy, whichever comes first,
17 provided the need for part-time status or medical leave of
18 absence is supported by a clinical certification of need from a
19 physician licensed to practice medicine in all its branches.

20 The provisions of this Section do not apply to short-term
21 travel, accident-only, limited, or specified disease policies
22 or to policies or contracts designed for issuance to persons
23 eligible for coverage under Title XVIII of the Social Security
24 Act, known as Medicare, or any other similar coverage under
25 State or federal governmental plans.

1 Section 30. The Health Maintenance Organization Act is
2 amended by changing Section 5-3 as follows:

3 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

4 Sec. 5-3. Insurance Code provisions.

5 (a) Health Maintenance Organizations shall be subject to
6 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
7 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,
8 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
9 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8, 356z.9, 356z.10,
10 356z.11 ~~356z.9~~, 364.01, 367.2, 367.2-5, 367i, 368a, 368b, 368c,
11 368d, 368e, 370c, 401, 401.1, 402, 403, 403A, 408, 408.2, 409,
12 412, 444, and 444.1, paragraph (c) of subsection (2) of Section
13 367, and Articles IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2,
14 XXV, and XXVI of the Illinois Insurance Code.

15 (b) For purposes of the Illinois Insurance Code, except for
16 Sections 444 and 444.1 and Articles XIII and XIII 1/2, Health
17 Maintenance Organizations in the following categories are
18 deemed to be "domestic companies":

19 (1) a corporation authorized under the Dental Service
20 Plan Act or the Voluntary Health Services Plans Act;

21 (2) a corporation organized under the laws of this
22 State; or

23 (3) a corporation organized under the laws of another
24 state, 30% or more of the enrollees of which are residents

1 of this State, except a corporation subject to
2 substantially the same requirements in its state of
3 organization as is a "domestic company" under Article VIII
4 1/2 of the Illinois Insurance Code.

5 (c) In considering the merger, consolidation, or other
6 acquisition of control of a Health Maintenance Organization
7 pursuant to Article VIII 1/2 of the Illinois Insurance Code,

8 (1) the Director shall give primary consideration to
9 the continuation of benefits to enrollees and the financial
10 conditions of the acquired Health Maintenance Organization
11 after the merger, consolidation, or other acquisition of
12 control takes effect;

13 (2) (i) the criteria specified in subsection (1) (b) of
14 Section 131.8 of the Illinois Insurance Code shall not
15 apply and (ii) the Director, in making his determination
16 with respect to the merger, consolidation, or other
17 acquisition of control, need not take into account the
18 effect on competition of the merger, consolidation, or
19 other acquisition of control;

20 (3) the Director shall have the power to require the
21 following information:

22 (A) certification by an independent actuary of the
23 adequacy of the reserves of the Health Maintenance
24 Organization sought to be acquired;

25 (B) pro forma financial statements reflecting the
26 combined balance sheets of the acquiring company and

1 the Health Maintenance Organization sought to be
2 acquired as of the end of the preceding year and as of
3 a date 90 days prior to the acquisition, as well as pro
4 forma financial statements reflecting projected
5 combined operation for a period of 2 years;

6 (C) a pro forma business plan detailing an
7 acquiring party's plans with respect to the operation
8 of the Health Maintenance Organization sought to be
9 acquired for a period of not less than 3 years; and

10 (D) such other information as the Director shall
11 require.

12 (d) The provisions of Article VIII 1/2 of the Illinois
13 Insurance Code and this Section 5-3 shall apply to the sale by
14 any health maintenance organization of greater than 10% of its
15 enrollee population (including without limitation the health
16 maintenance organization's right, title, and interest in and to
17 its health care certificates).

18 (e) In considering any management contract or service
19 agreement subject to Section 141.1 of the Illinois Insurance
20 Code, the Director (i) shall, in addition to the criteria
21 specified in Section 141.2 of the Illinois Insurance Code, take
22 into account the effect of the management contract or service
23 agreement on the continuation of benefits to enrollees and the
24 financial condition of the health maintenance organization to
25 be managed or serviced, and (ii) need not take into account the
26 effect of the management contract or service agreement on

1 competition.

2 (f) Except for small employer groups as defined in the
3 Small Employer Rating, Renewability and Portability Health
4 Insurance Act and except for medicare supplement policies as
5 defined in Section 363 of the Illinois Insurance Code, a Health
6 Maintenance Organization may by contract agree with a group or
7 other enrollment unit to effect refunds or charge additional
8 premiums under the following terms and conditions:

9 (i) the amount of, and other terms and conditions with
10 respect to, the refund or additional premium are set forth
11 in the group or enrollment unit contract agreed in advance
12 of the period for which a refund is to be paid or
13 additional premium is to be charged (which period shall not
14 be less than one year); and

15 (ii) the amount of the refund or additional premium
16 shall not exceed 20% of the Health Maintenance
17 Organization's profitable or unprofitable experience with
18 respect to the group or other enrollment unit for the
19 period (and, for purposes of a refund or additional
20 premium, the profitable or unprofitable experience shall
21 be calculated taking into account a pro rata share of the
22 Health Maintenance Organization's administrative and
23 marketing expenses, but shall not include any refund to be
24 made or additional premium to be paid pursuant to this
25 subsection (f)). The Health Maintenance Organization and
26 the group or enrollment unit may agree that the profitable

1 or unprofitable experience may be calculated taking into
2 account the refund period and the immediately preceding 2
3 plan years.

4 The Health Maintenance Organization shall include a
5 statement in the evidence of coverage issued to each enrollee
6 describing the possibility of a refund or additional premium,
7 and upon request of any group or enrollment unit, provide to
8 the group or enrollment unit a description of the method used
9 to calculate (1) the Health Maintenance Organization's
10 profitable experience with respect to the group or enrollment
11 unit and the resulting refund to the group or enrollment unit
12 or (2) the Health Maintenance Organization's unprofitable
13 experience with respect to the group or enrollment unit and the
14 resulting additional premium to be paid by the group or
15 enrollment unit.

16 In no event shall the Illinois Health Maintenance
17 Organization Guaranty Association be liable to pay any
18 contractual obligation of an insolvent organization to pay any
19 refund authorized under this Section.

20 (Source: P.A. 94-906, eff. 1-1-07; 94-1076, eff. 12-29-06;
21 95-422, eff. 8-24-07; 95-520, eff. 8-28-07; revised 12-4-07.)

22 Section 35. The Voluntary Health Services Plans Act is
23 amended by changing Section 10 as follows:

24 (215 ILCS 165/10) (from Ch. 32, par. 604)

1 Sec. 10. Application of Insurance Code provisions. Health
2 services plan corporations and all persons interested therein
3 or dealing therewith shall be subject to the provisions of
4 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,
5 149, 155.37, 354, 355.2, 356g.5, 356r, 356t, 356u, 356v, 356w,
6 356x, 356y, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 356z.8,
7 356z.9, 356z.10, 356z.11 ~~356z.9~~, 364.01, 367.2, 368a, 401,
8 401.1, 402, 403, 403A, 408, 408.2, and 412, and paragraphs (7)
9 and (15) of Section 367 of the Illinois Insurance Code.

10 (Source: P.A. 94-1076, eff. 12-29-06; 95-189, eff. 8-16-07;
11 95-331, eff. 8-21-07; 95-422, eff. 8-24-07; 95-520, eff.
12 8-28-07; revised 12-5-07.)